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BRIEFS

No. 14-1538

Supreme Court, U.S.
FILED
MAY 31 2016
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION; INVITROGEN IP HOLDINGS, INC.; APPLIED BIOSYSTEMS, LLC,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SUPPLEMENTAL BRIEF FOR RESPONDENT PROMEGA CORPORATION

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CORPORATE DISCLOSURE STATEMENT

Respondent Promega Corporation has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

Respondent Promega Corporation respectfully submits this brief in response to the government's invitation brief.

Petitioners propose two rigid, nonstatutory rules that would restrict liability under 35 U.S.C. § 271(f)(1). The Federal Circuit properly rejected both. As the government correctly recognizes, Petitioners' effort to create a loophole for U.S. parties that export to their own divisions or employees to induce combination of a patented invention overseas is contrary to the statute's text and purpose, and unimportant to the resolution of this case or future cases.

The government is wrong, however, with respect to Petitioners' second effort to avoid liability. Nothing in § 271(f)(1)'s prohibition on the supply of "*a substantial portion* of the components of a patented invention" immunizes defendants who supply a single, but important, component of a patented invention. Here, the Federal Circuit reviewed the record and properly concluded that substantial evidence, including a case-specific concession, supported the jury's finding of substantiality. Petitioners' desired rule improperly seeks to convert a factual question regarding substantiality—encompassing both importance and quantity—into a strictly numerical legal test.

The government's endorsement of Petitioners' quantitative rule—besides being flawed as a matter of statutory interpretation—depends on a fundamental misunderstanding of the Federal Circuit's ruling. The government repeatedly argues (at 15, 17-19) that the decision below would lead to liability for *unwitting* domestic suppliers of a single staple component. But the

specific intent required for inducement liability, which the government effectively ignores, precludes such an outcome. A § 271(f)(1) plaintiff asserting inducement must establish both knowledge of the patent and specific intent to induce an infringing combination of components. Those requirements eliminate any risk that unwitting infringers will be held liable under § 271(f)(1) for innocent acts. Indeed, there is no evidence of the supposedly dramatic expansion in liability that Petitioners and the government fear; between them, they can identify only a single, non-final judicial order relying on the Federal Circuit's 2014 decision in this case.

Rather than granting this concededly interlocutory petition to address an unfounded hypothetical problem, this Court should deny review. In the unlikely event Petitioners' and the government's fears come to pass, this Court can address the second question presented in a case that has reached final judgment.

ARGUMENT

I. PETITIONERS' FIRST QUESTION PRESENTED DOES NOT MERIT REVIEW

The government correctly concludes that Petitioners' first question does not warrant certiorari. As the government explains, the Federal Circuit's decision was entirely correct. The object of inducement in § 271(f)(1) is "the combination," not a "person," and "induce" in that context naturally means "'to bring about, produce, or cause.'" U.S. Br. 8.[1] Accordingly, the stat-

[1] This plain reading does not give the word "induce" different meanings in § 271(f)(1) and § 271(b). This Court has never been presented with the question whether inducement under § 271(b) requires participation of a third party, nor is the question likely to arise: "[I]f a single entity within the United States carries out all

ute does not require the participation of a third party and readily encompasses situations in which "the domestic defendant supplies the components to its own foreign manufacturing facility." *Id.* 10.

The government also correctly notes that Petitioners' first question is unimportant—both in the context of this case and more generally. The government observes (at 14) that the question of third-party involvement arises in this case only because the courts below made a factual assumption that "appears to be inaccurate." Even if that incorrect assumption somehow persisted after further proceedings on remand, the issue is unlikely to arise in future cases because the vast majority of cases will involve a separate entity. U.S. Br. 12-13. Petitioners' first question accordingly does not deserve this Court's review.

II. PETITIONERS' SECOND QUESTION PRESENTED DOES NOT MERIT REVIEW

The government's discussion of the second question presented ignores many of Promega's arguments, misreads the statutory text, makes unfounded claims about future liability, and proposes an arbitrary rule that would lead to absurd results. In reality, the Federal Circuit's factbound decision rejecting a rigid requirement of multiple components properly interprets the statute, allows factfinders to take the importance of components into account, gives proper deference to the

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the steps necessary to make a patented invention, it can be held liable for *direct* infringement under 35 U.S.C. 271(a)." U.S. Br. 10. The fact that § 271(b) cases overwhelmingly involve situations of "persuad[ing] another," *Global-Tech Appliances, Inc.* v. *SEB S.A.*, 563 U.S. 754, 760 (2011), has led courts to speak in those terms, but that fact does not constrain the plain meaning of "induce" or create any conflict with § 271(f)(1).

jury verdict here, and includes safeguards and limits that prevent an undue expansion of liability. This Court should deny the petition in full.

1. The government's strictly numerical interpretation of "substantial portion" misreads the statutory text. The government concedes (at 16), as it must, that "'substantial' can have ... a qualitative meaning ('important')." *See also* Pet. 23 (same). But the government contends that the use of "all" preceding "substantial" imputes a purely quantitative meaning. U.S. Br. 16. The government has no response to Promega's demonstration that "all ... the components" necessarily includes important components, and that the use of an all-encompassing word covering both quantity and importance is consistent with the Federal Circuit's approach taking qualitative factors into account. Br. in Opp. 18. Nor does the government have any explanation for Congress's failure to employ expressly quantitative language such as "most" or "high percentage," as it has done elsewhere. *Compare* U.S. Br. 20, *with* 16 U.S.C. § 3871b(d)(4)(B) ("high percentage of producers"); 20 U.S.C. § 6303b(a)(1)(B)(ii) ("high percentage of schools"); 42 U.S.C. § 255(a)(2)(B) ("high percentage of the population").

The government's reliance (at 16) on the definition of "portion" is equally misplaced. A single component is indisputably "a part of any whole." *Random House Webster's Unabridged Dictionary* 1507 (2d ed. 1997). There is no reason that a component could not be a "substantial" part of the whole based on its importance, just as courts have held—in cases the government simply ignores—that a single important event, entry, or operation can be a "substantial portion" or "substantial part" of a whole. Br. in Opp. 18-19 (citing cases).

The government also misreads (at 17) "such components" in the statutory text to mean "multiple components ... supplied from the United States." The relevant text imposes liability on one who, among other things, "supplies ... all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part." 35 U.S.C. § 271(f)(1). As Promega previously explained (Br. in Opp. 20), this language refers to the components of the patented invention throughout. The first mention of "components" specifically says "components of a patented invention." The second mention of "such components" also logically refers to all components of the invention, not just what was exported. Specifically, the phrase "such components are uncombined in whole or in part" means that either all of *the invention's* components are uncombined ("in whole") or some of *the invention's* components are uncombined ("in part"). Were the government right that "such components" referred only to what was supplied from the United States, it would lead to the absurd result that a defendant could avoid liability simply by combining all domestically supplied components—so that they are no longer "uncombined in whole or in part"—before exporting them. In other words, the government's interpretation would eliminate liability for doing *more* domestically, thereby creating an enormous loophole.

The allegedly "parallel" phrasing of § 271(f)(2) (U.S. Br. 17) does not dictate such a counterintuitive result. Section 271(f)(2) is not a model of legislative drafting, and drawing sharp distinctions between the word "components" in § 271(f)(1) and "component" in § 271(f)(2) is hazardous in light of the Dictionary Act's background presumption that "words importing the plural include the singular" and "words importing the

singular include and apply to several persons, parties, or things." 1 U.S.C. § 1.

Even if "such components" in § 271(f)(1) referred to what was supplied from the United States, it would not support the government's rigid multiple-component rule. The use of the plural "components" to accommodate the stated possibility that "all" components will be supplied does not imply that the alternative "substantial portion" must also include multiple components.

The government relies on conceded "dicta" from a footnote in this Court's *Microsoft* decision in an effort to draw a distinction between § 271(f)(1) and § 271(f)(2). U.S. Br. 17 (citing *Microsoft Corp.* v. *AT&T Corp.*, 550 U.S. 437, 454 n.16 (2007)). But the Federal Circuit correctly concluded that the footnote, as a whole, actually "tends to support the conclusion that § 271(f)(1) may apply when a single 'component' is involved." Like Petitioners, the government fails to address the entire footnote in *Microsoft* or the Federal Circuit's interpretation of that footnote.

Finally, the government is wrong (at 17) that § 271(f)(2) provides the sole avenue for imposing liability based on "export of a single component." Just as domestic sale of a single component may create liability for induced infringement under § 271(b) and contributory infringement under § 271(c), domestic supply of such a component for assembly abroad may establish liability under § 271(f)(1) and § 271(f)(2) where the additional requirements of both provisions, including the burden of proving inducement under § 271(f)(1), are met. Br. in Opp. 21. There is no reason to think Congress intended the interaction between the two provisions of § 271(f) to differ from the interaction between § 271(b) and § 271(c) in this respect.

2. The government incorrectly suggests (at 19-20) that the Federal Circuit's fact-based analysis of substantiality will be unpredictable and difficult to administer. But the Federal Circuit's ruling that there was substantial evidence to support the verdict is an unremarkable and routine application of deferential review to a case-specific factual question resolved by a jury. Patent cases, like many others, routinely turn on questions of fact, such as the question of infringement. Far from being difficult to administer or unpredictable, asking a fact-finder to decide factual questions based on record evidence is a hallmark of our judicial system. There is no justification for taking such questions away from the jury by imposing an artificial numerical requirement.

In fact, the rigid test proposed by the government would create far more problems than it solves. The government does not attempt to identify the numerical threshold that would satisfy its purely quantitative "high percentage" standard (U.S. Br. 20), and for good reason. In any scenario, the number would be arbitrary. To the extent the government proposes to simply replace "substantial portion" with "high percentage" in jury instructions without identifying a threshold, there is little reason to think that the government's proposal would be any more predictable or administrable than the Federal Circuit's interpretation.

The government's proposed numerical rule also fails to account for the relative importance of components. Under a numerical approach, an exporter shipping several trivial components could face liability under § 271(f)(1) based on the number of components supplied, but an exporter who ships one particularly important component (even in a two-component invention) in a manner specifically intended to induce the combination of the entire invention would never be lia-

ble under § 271(f)(1). Br. in Opp. 18. Like Petitioners, the government has no response to the anomalous outcomes its rule would produce.

3. The government raises (at 15) the specter of "domestic exporters" facing "liability for supplying a single staple article into the global stream of commerce." This speculative situation has never arisen in practice for an obvious reason: inducement under § 271(f)(1) requires *specific intent* to induce the infringing combination. *Liquid Dynamics Corp.* v. *Vaughan Co.*, 449 F.3d 1209, 1222 (Fed. Cir. 2006). A § 271(f)(1) plaintiff must therefore prove that the defendant had knowledge of the patent and intended to cause the claimed combination. That intent requirement provides a far more meaningful limit on liability than an ultimately arbitrary quantitative threshold.

The government's argument is, moreover, divorced from the reality of this case, which involved far more than unwitting export of a commodity component. Petitioners undisputedly knew of the patent-in-suit; this case only arose because Petitioners violated their limited license to the patent and engaged in a concerted effort to sell kits for use in unlicensed fields. Pet. App. 9a-10a; Br. in Opp. 3 n.2 (citing record). Petitioners' attempt to support their willful violation through export as part of a deliberate scheme to assemble the invention abroad is precisely the type of intentional conduct that § 271(f)(1) was intended to cover.

The government's speculative argument about expanded liability is also belied by the fact that Petitioners and the government can identify only a single district court order relying on the Federal Circuit's decision in this case since it was decided in 2014. U.S. Br. 21. There is no reason to believe that the Federal Cir-

cuit's decision will increase unwarranted litigation. Given § 271(f)(1)'s intent requirement and the Federal Circuit's narrow framing of its decision as a rejection of Petitioners' rigid *per se* rule, there is no indication that liability would readily attach beyond "the facts of this particular case" (Pet. App. 28a), which included a fact-specific concession by Petitioners' own witness (*Id.* 34a).

The government tries to downplay that concession by misreading the record. The government asserts (at 20) that Petitioners' expert identified "four of the five components of the invention" as "'main' or 'major,'" but the government mistakenly relies on testimony about "allelic ladders," which are *not* an element of the claim at issue here—claim 42 of the Tautz patent. A408; A6290-6291. Moreover, the government ignores other testimony identifying "the DNA polymerases" as one of just *two* components of claim 42 considered "critical." A6225. The trial record showed that Petitioners domestically supplied *both* of those critical components for their best-selling kits and domestically supplied the "critical" DNA polymerases (Taq) for *all* their kits. A6281-6285; A2303-2304.

It was the jury's responsibility to decide, based on evidence of both quantity and importance, whether Petitioners supplied a "substantial portion" of the components of the patented invention with the intent required by § 271(f)(1). The jury made that determination, and the evidence must be "viewed in the light most favorable to the verdict." *Global-Tech Appliances, Inc.* v. *SEB S.A.*, 563 U.S. 754, 770 (2011). It is only by ignoring the record on the relative importance of the components and adopting a rigid quantitative rule that Petitioners can hope to overcome the jury's verdict. The government's unsupported predictions provide no justification for stretching the law in that manner.

4. The government invokes the presumption against extraterritoriality, but it points to no foreign conduct actually regulated by the Federal Circuit's interpretation of § 271(f)(1). That failure is unsurprising because the only questions relevant to liability concern the defendant's domestic actions and intent. Imposing liability for exporting one important component from the United States does not implicate extraterritoriality any more than imposing liability for exporting two or three components.

The government's reliance on *Microsoft* is misplaced because the Court's concern about extraterritoriality in that case stemmed from the plaintiff's effort to establish liability not only for software code exported from the United States "but also [for] *duplicates made abroad.*" 550 U.S. at 455 (emphasis added); *see also id.* at 456 ("AT&T's reading ... 'converts a single act of supply from the United States into a springboard for liability each time a copy of the software is subsequently made [abroad].'"). *Microsoft* rejected a plaintiff's effort to expand § 271(f)(1) to encompass foreign conduct—specifically, "copying in foreign countries," *id.* at 456. But the actionable conduct here is clearly domestic, and there is a direct, one-to-one relationship between that conduct and every kit assembled abroad.

Finally, even if the presumption against extraterritoriality were implicated, the government incorrectly assumes (at 18-19) that the Federal Circuit's decision expands the reach of § 271(f)(1) compared to Petitioners' and the government's proposed rule. A strictly quantitative reading would exclude liability under § 271(f)(1) where a single key component is supplied, but would expand liability where a defendant exports multiple trivial components. The Federal Circuit's re-

jection of such a rigid rule simply dictates a different, not greater, application of U.S. law.

III. The Interlocutory Posture Of The Case Counsels Against Review

The government acknowledges (at 21-22) that this appeal "is interlocutory," a posture that would ordinarily "weigh against immediate review." *See Brotherhood of Locomotive Firemen & Enginemen* v. *Bangor & Aroostook R.R. Co.*, 389 U.S. 327, 328 (1967) (per curiam); *Mount Soledad Memorial Ass'n* v. *Trunk*, 132 S. Ct. 2535, 2536 (2012) (Alito, J., statement respecting denial of cert.). But the government discounts this fact based on the apparent belief (at 22) that the interlocutory posture matters only if the decision under review would have no effect on further proceedings. That narrow view ignores other important reasons to await a final judgment.

Petitioners have already conceded that their second question presented does not apply to their best-selling products, for which multiple components were supplied from the United States. Br. in Opp. 26; A6282-6285; A2303. Any new trial would also feature newly discovered evidence produced for the first time after trial that could affect Petitioners' multiple-component argument for other kits. Br. in Opp. 26. To the extent the Federal Circuit's interpretation of § 271(f)(1) remains essential to the final resolution of this case after those proceedings, this Court would still have the opportunity to review the question presented upon final judgment—with a better developed factual record. Denying review at this time would also allow the Court to see whether there is any substance to Petitioners' and the government's prediction regarding the impact of the decision below on other cases. In the

unlikely event any such impact arises, the Federal Circuit and this Court may address it then. There is no need for this Court to stretch to decide the issue prematurely.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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MAY 2016